

House Study Bill 235 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON KAUFMANN)

A BILL FOR

1 An Act relating to withholding of state income tax from the
2 income of certain nonresident partners of pass-through
3 entities, and including effective date and retroactive
4 applicability provisions.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. 2021 Iowa Acts, chapter 151, section 15, is
2 amended to read as follows:

3 SEC. 15. APPLICABILITY. ~~This~~

4 1. Except as provided in subsection 2, this division of this
5 Act applies to tax years beginning on or after January 1, 2022.

6 2. The section of this division of this Act amending section
7 422.16, subsection 12, paragraph "a", applies to tax years
8 beginning on or after January 1, 2024.

9 Sec. 2. EFFECTIVE DATE. This Act, being deemed of immediate
10 importance, takes effect upon enactment.

11 Sec. 3. RETROACTIVE APPLICABILITY. This Act applies
12 retroactively to tax years beginning on or after January 1,
13 2022, but before January 1, 2024.

14 EXPLANATION

15 The inclusion of this explanation does not constitute agreement with
16 the explanation's substance by the members of the general assembly.

17 This bill relates to withholding of state income tax from
18 the income of certain nonresident partners of a pass-through
19 entity.

20 The bill amends 2021 Iowa Acts, chapter 151, to delay the
21 applicability of a provision of that Act. As a result, for tax
22 years beginning on or after January 1, 2022, but before January
23 1, 2024, a withholding agent (entity required to withhold state
24 income tax) shall not be required to withhold state income tax
25 from a nonresident who is subject to the provisions of Code
26 section 422.16B (pass-through entity composite returns) if
27 the nonresident is not otherwise subject to withholding under
28 Code section 422.16(1). Commencing with tax years beginning
29 on or after January 1, 2024, that provision of 2021 Iowa Acts,
30 chapter 151, takes effect and such a taxpayer shall be subject
31 to withholding under Code section 422.16.

32 The bill does not change the tax liability of the nonresident
33 only the withholding requirement of such tax from income.

34 The bill takes effect upon enactment and applies
35 retroactively to tax years beginning on or after January 1,

H.F. _____

1 2022, but before January 1, 2024.